

Bureau of Land Management, Interior

§ 3602.13

UNAUTHORIZED USE

§ 3601.70 Unauthorized use.

§ 3601.71 What constitutes unauthorized use?

(a) Except as provided in paragraph (b) of this section, you must not extract, sever, or remove mineral materials from public lands under the jurisdiction of the Department of the Interior, unless BLM or another Federal agency with jurisdiction authorizes the removal by sale or permit. Violation of this prohibition constitutes unauthorized use.

(b) If you own the surface estate of lands with reserved Federal minerals, you may use mineral materials within the boundaries of your surface estate without a sales contract or permit only in the following circumstances:

(1) You use a minimal amount of mineral materials for your own personal use;

(2) You have statutory authority to use the mineral materials; or

(3) You have other express authority to use the mineral materials.

§ 3601.72 What are the consequences of unauthorized use?

Unauthorized users are liable for damages to the United States, and are subject to prosecution for such unlawful acts (see subpart 9239 of this chapter).

APPEALS

§ 3601.80 How do I appeal a final decision by BLM?

If a BLM decision adversely affects you, you may appeal the decision in accordance with parts 4 and 1840 of this title.

Subpart 3602—Mineral Materials Sales

APPLICATIONS

§ 3602.10 Applying for a mineral materials sales contract.

§ 3602.11 How do I request a sale of mineral materials?

(a) You may submit a written request for sale of mineral materials to the BLM office with jurisdiction over the

site containing the materials. No particular form is required for this request.

(b) BLM also may initiate a sale without a request under paragraph (a) of this section.

§ 3602.12 How does the mineral materials sales process affect other users of the same public lands?

(a) When BLM designates tracts for competitive or noncompetitive sale of mineral materials, and notes the designation in the public land records, it creates a right to remove the materials superior to any subsequent claim, entry, or other conflicting use of the land, including subsequent mining claim locations.

(b) The superior right under paragraph (a) of this section is part of all contracts and permits BLM authorizes within 2 years after the date we designate the tract. BLM may extend this 2-year period for one additional year for good cause. The right continues for the entire term of the contract or permit and any renewal term. The superior right under paragraph (a) of this section also applies to any subsequent contracts or permits that BLM authorizes within 2 years after the previous contract or permit expires or terminates.

(c) This right does not prevent other uses or segregate the land from the operation of the public lands laws, including the mining and mineral leasing laws. However, such subsequent uses must not interfere with the extraction of mineral materials.

§ 3602.13 How does BLM measure and establish the price of mineral materials?

(a) BLM will not sell mineral materials at less than fair market value. BLM determines fair market value by appraisal.

(b) BLM may periodically reappraise the value of mineral materials not yet removed, and adjust your contract price accordingly. BLM will not adjust the price during the first 2 years of the contract. BLM also will not adjust the contract price during the 2-year period following any adjustment. However, BLM may adjust the price at the beginning of any contract renewal period.

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(c) BLM measures mineral materials by in-place volume or weight equivalent. When BLM requires you to measure materials, we may either designate the method you must use or allow you to choose either method. We will verify your results.

§ 3602.14 What kind of financial security does BLM require?

(a) For contracts of \$2,000 or more, BLM will require a performance bond of an amount sufficient to meet the reclamation standards provided for in the contract, but at least \$500. If you have a sales contract from a community pit or common use area and you pay a reclamation fee, BLM will not require you to post a performance bond.

(b) BLM may require a performance bond for contracts of less than \$2,000. We will not require a bond amount greater than 20 percent of the total contract value.

(c) A performance bond may be a—

(1) Bond of a corporate surety shown on the approved list (Circular 570) issued by the U.S. Treasury Department, including surety bonds arranged or paid for by third parties;

(2) Certificate of deposit that:

(i) Is issued by a financial institution whose deposits are Federally insured;

(ii) Does not exceed the maximum insurable amount set by the Federal Deposit Insurance Corporation;

(iii) Is made payable or assigned to the United States;

(iv) Grants BLM authority to demand immediate payment if you fail to meet the terms and conditions of the contract;

(v) States that no party may redeem it before BLM approves its redemption; and

(vi) Otherwise conforms to BLM's instructions as found in the contract terms;

(3) Cash bond, with a power of attorney to BLM to convert it upon your failure to meet the terms and conditions of the contract;

(4) Irrevocable letter of credit from a bank or financial institution organized or authorized to transact business in the United States, with a power of attorney to BLM to redeem it upon your failure to meet the terms and conditions of the contract; or

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(5) Negotiable Treasury bond of the United States of a par value equal to the amount of the required bond, together with a power of attorney to BLM to sell it upon your failure to meet the terms and conditions of the contract.

§ 3602.15 What will happen to my bond if I transferred all of my interests or operations to another bonded party?

BLM will cancel your bond obligations following approval of the transfer of your interests or operations if the transferee provides a bond that assumes all of your existing liabilities as required in § 3602.24. However, under § 3602.26, you remain liable for any reclamation or other obligation that accrued during the time you held your interest.

ADMINISTRATION OF SALES

§ 3602.20 Administration of mineral materials sales.

§ 3602.21 What payment terms apply to my mineral materials sales contract?

(a) Under a sales contract for mineral materials—

(1) For sales of \$2,000 or less, you must pay the full amount before BLM will sign the contract.

(2) When the sale exceeds \$2,000, you may make installment payments. The first installment payment must be the greater of \$500 or 5 percent of the total purchase price. If you elect to make installment payments—

(i) For non-competitive sales, you must pay the first installment at or before the time BLM awards the contract;

(ii) For competitive sales, you must pay the first installment as a deposit at the time you submit the bid; and

(iii) For noncompetitive and competitive sales—

(A) Once you have removed materials, you must make each subsequent installment payment monthly in an amount equal to the value of the minerals you remove each month. You must make the payment by the 15th day following the end of the month for which you are reporting. However, you must pay the balance of the purchase